



**Neah-Kah-Nie
First Student Proposal**

2/1/23



BACKGROUND

Our partnership with Neah-Kah-Nie School District goes as far back as 1997. We know your schools and communities and are committed to providing them with the same safe, reliable transportation as we have for over 26 years. First Student values our long-term partnership and looks forward to strengthening our relationship in the coming years. Achieving the highest standards throughout the Neah-Kah-Nie School District student transportation system is accomplished by working collaboratively to continuously assess, evaluate, plan and develop solutions for your needs in partnership.

CURRENT MARKET

As you are aware, we were competing in a tight labor market before Covid and are now faced with rising inflation. Still, today's market puts an even higher premium on CDL drivers in an already challenging financial environment. Our Neah-Kah-Nie operations have managed through this crisis with minimal impact or disruption in service compared to other school districts nationwide. Throughout Covid, the ever-changing restrictions, regulations, and inflation, First Student has absorbed all substantial costs. As you can see in the tables below, our increased costs greatly outweigh our contracted rate increases since CY21.

CONTRACT TERM INCREASES VERSUS COSTS						
	CY21	CY22	CY23	CY24	CY25	Total
Contracted Rate Increase (12.3%)	6.2%	3.6%	2.5%	2.5%	2.5%	17.3%
	Driver Wages & Bonuses	Staff Wages	Payroll Taxes	New Bus Costs	Insurance	Other Misc Costs
CY21 - CY23 Increase in Costs	21.30%	35.00%	48.20%	40.20%	24.50%	51.60%
*** Other Misc Costs include facility costs, maintenance parts, supplies, and materials, office supplies, utilities, benefits, bus licensing, training costs, etc.***						

CPI for All Urban Consumers (CPI-U) - Pacific												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Annual CPI Change '19-20	2.6%	2.8%	2.2%	0.9%	0.6%	0.9%	1.4%	1.8%	1.5%	1.2%	1.4%	1.6%
Annual CPI Change '20-21	1.5%	1.6%	2.4%	3.8%	4.5%	5.2%	5.0%	4.8%	5.0%	5.6%	6.1%	6.5%
Annual CPI Change '21-22	7.3%	7.4%	8.1%	7.8%	8.0%	8.3%	7.8%	7.6%	7.7%	7.7%	6.7%	6.3%

DRIVER WAGES AND BONUSES

Rising costs have hit the labor market due to increases in the minimum wage, inflation, and the overall economy. We also fully understand the driver labor market in the Rockaway Beach areas and the required wages to keep quality drivers. Recruiting drivers is a top priority, which is why we have dedicated teams of recruiters and talent acquisition specialists to assist in recruiting. First Student has made significant investments in both driver wages and bonuses. Since SY 21/22, First Student has spent \$127,942 in bonuses and \$64,545 in increased driver wages. This equates to nearly 21.3% of total contract revenue and puts driver wages and new hire bonuses 3 years ahead of our previous model.

Modeled/ Planned Wages Versus Current Wages						
YOS	Year 2	Year 3	Year 4	Year 5	Current Wages	
	CY22	CY23	CY24	CY25	CY23	Delta (11.42%)
1	\$ 17.30	\$ 17.73	\$ 18.18	\$ 18.63	\$ 20.00	\$ 2.27
2	\$ 17.70	\$ 18.14	\$ 18.60	\$ 19.06	\$ 20.25	\$ 2.11
3	\$ 18.18	\$ 18.64	\$ 19.10	\$ 19.58	\$ 20.50	\$ 1.86
4	\$ 18.39	\$ 18.85	\$ 19.32	\$ 19.81	\$ 20.75	\$ 1.90
5	\$ 18.61	\$ 19.08	\$ 19.55	\$ 20.04	\$ 21.00	\$ 1.92
6	\$ 18.66	\$ 19.13	\$ 19.61	\$ 20.10	\$ 21.25	\$ 2.12
7	\$ 18.72	\$ 19.18	\$ 19.66	\$ 20.16	\$ 21.62	\$ 2.44
8	\$ 18.77	\$ 19.24	\$ 19.72	\$ 20.21	\$ 21.99	\$ 2.75
9	\$ 20.09	\$ 20.59	\$ 21.11	\$ 21.64	\$ 22.38	\$ 1.79
10	\$ 20.11	\$ 20.64	\$ 21.13	\$ 21.66	\$ 22.78	\$ 2.14

First Student is currently offering:

- New drivers start at \$20.00 per hour; more experienced drivers can earn up to \$22.78 per hour.
- \$4,500 Sign-on Bonus for fully licensed drivers
- \$2,500 Sign-on Bonus for new drivers
- Current employees will receive a \$2500 Employee Referral Bonus
- Driver Trainers receive an additional \$1.00, and 3rd Party Testers receive an additional \$1.50 more per hour
- Medical Insurance: Drivers and monitor/attendants are eligible to enroll in our competitive group medical insurance plans
- Sick/Personal Days: Drivers and monitor/attendants will receive one (1) hour of paid time off for every 30 hours worked, which is compliant with Oregon Sick Leave Law
- 401k Program: Drivers and monitor/attendants are encouraged to enroll in our 401k program
- Paid Life Insurance: All active drivers and monitor/attendants receive a \$10,000 life insurance coverage paid by First Student once they complete a probationary period.

SURROUNDING LOCATION INCREASES

Surrounding First Student-operated locations have significantly increased driver wages. Many of our District partners understand that having the right wages in place is critical to attract qualified and reliable drivers.

School District	Starting Wages	New Starting Wage	\$ Incr	% Incr	Note
Amity School District	\$ 19.25	\$ 24.10	\$ 4.85	25.19%	Customer Funded
Dayton School District	\$ 19.25	\$ 24.10	\$ 4.85	25.19%	Customer Funded
Eola Hills School District	\$ 19.25	\$ 24.10	\$ 4.85	25.19%	Customer Funded
Gladstone School District 115	\$ 19.01	\$ 22.58	\$ 3.57	18.78%	Customer Funded
McMinnville School District	\$ 19.25	\$ 24.10	\$ 4.85	25.19%	Customer Funded
Willamette ESD	\$ 19.25	\$ 24.10	\$ 4.85	25.19%	Customer Funded
Newberg School District	\$ 18.00	\$ 28.00	\$ 10.00	55.56%	Customer Funded
North Marion School District	\$ 18.48	\$ 23.10	\$ 4.62	25.00%	Customer Funded
Gresham Barlow School District	\$ 21.00	\$ 31.00	\$ 10.00	47.62%	Customer Funded
Portland Jewish Academy	\$ 19.19	\$ 32.00	\$ 12.81	66.75%	Customer Funded
Portland Public School	\$ 19.19	\$ 32.00	\$ 12.81	66.75%	Customer Funded
Sauvie Island Academy	\$ 19.19	\$ 32.00	\$ 12.81	66.75%	Customer Funded
Scappoose School District	\$ 19.00	\$ 31.00	\$ 12.00	63.16%	Customer Funded
West Linn/ Wilsonville School District	\$ 23.00	\$ 27.50	\$ 4.50	19.57%	Customer Funded
Pendleton School District	\$ 18.50	\$ 21.00	\$ 2.50	13.51%	Customer Funded
Silverfalls School District	\$ 22.00	\$ 23.10	\$ 1.10	5.00%	Customer Funded
Molalla River School District	\$ 19.00	\$ 23.50	\$ 4.50	23.68%	Customer Funded
Woodburn School District	\$ 21.50	\$ 23.10	\$ 1.60	7.44%	Customer Funded
Rockaway Beach (Neah-Kah-Nie)	\$ 17.30	\$ 20.00	\$ 2.70	15.61%	Not Customer Funded
Note: Most locations above increase another 3.6% next year.					

STAFF WAGES

Similar to the driver market, there is a need for qualified staff capable of managing and operating a student transportation system. As such, First Student has also significantly increased staff wages by 35% or \$100,000 over the last two years to attract and retain high-quality staff members. Staff positions include Location Manager, Shop Manager, and Dispatcher.

BUS COSTS

During COVID, most bus manufacturers shut down as part of the rising restrictions. Once the manufacturers opened again, there was a tremendous production backlog of new bus orders. To make matters worse, they now faced labor and supply shortages, with rising inflation. While this impacted all bus manufacturers, it significantly impacted those manufacturers that produce Type A buses built with a Ford or Chevy cutaway chassis. Other manufacturers that produce Type C's and D's make their frames on-site.

In contrast, the manufacturers of Type A buses depend upon Ford and Chevy producing a body-ready cutaway chassis. Ford and Chevy foresee production delays of up to 1-2 years. As a result, in many supply and demand scenarios, these manufacturers have drastically increased their bus costs by over 40%. As you will see in the Fleet and Equipment section below, First Student is scheduled to purchase 4 new Type A buses to remain compliant with contract terms.

RFP – REQUEST FOR PROPOSAL

The table below illustrates the level of increases customers have received due to rising costs for 2022-2023 in Oregon, Washington & Montana.

School District	Contractor	% Inc. vs. Prior Rates ¹
Portland SD (OR)	First Student	40.50%
Portland SD (OR)	STA ²	38.20%
Newberg SD (OR)	First Student	29.60%
Newberg SD (OR)	STA	42.80%
Hermiston SD (OR)	Mid Columbia Bus Company	22.90%
McMinnville SD (OR)	First Student	61.00%
Billings SD (MT)	First Student	39.00%
Colville SD (WA)	First Student	21.00%
Newport SD (WA)	First Student	28.65%
Pendleton SD (OR)	First Student	31.40%
Rochester SD (WA)	First Student	34.00%
Scappoose SD (OR)	First Student	54.90%
Silver Falls SD (OR)	First Student	8.30%
¹ Percentage increase over the rates prior to the bid contract.		
² STA bid included 4% increases in years 2 through 6 which reduced the rates in year		

PROPOSAL

We are presenting a proposal for your consideration. This approach will allow First Student to continue successfully hiring and retaining the drivers needed to fulfill the contract's terms.

CONTRACT INCREASE – CURRENT SY 5.9%, NEXT SY 9.5%, YR1 4.0%, YR2 4.0%, YR3 4.0%,

The proposed adjustment to the current year (Feb 1st – Jun 30th) is 5.9% or \$48,769.14 for the remaining school year. The adjustment for next school year's rates (Jul 1, 2023 - Jun 30, 2024) is 9.5% or an estimated \$94,469 over the proposed amended rates and 4.0% for years 1 – 3 of the extension. This proposal allows and assumes the following:

- 3-Year contract extension.
- Allows First Student to continue uninterrupted student transportation services.
- Spread additional operating costs over 4.5 years with a 3-year extension.
- Covers all operating costs, i.e., facility, bus maintenance, insurance, employee benefits, etc.
 - Accounts for the new Oregon Corporate Activity Tax (CAT). (0.0057% All Revenue) (Est. \$6k)
 - Accounts for the new Oregon Family and Medical Insurance (PFMLI) (.004% All Wages) (Est. \$1k)
- Covers both current and future driver and staff wages. (3.5% each year)
- Covers additional Fleet costs.
 - Purchasing 4 new Type A buses next SY and replacing 3 spare Type C's. (Est. \$605k)

Note: See the proposed rate sheet (Exhibit A)

FLEET AND EQUIPMENT

We are replacing 4 Type A route buses and 3 current spare Type C's with newer model year Type C's. The Type A's will be purchased in year 1 of the new contract, while the Type C's will be replaced in year 2. As a result, our buses will continue to meet all state, local, and District contract requirements.

	Average Fleet Age					Vehicle Type
	Next SY	Final CY	Year 1	Year 2	Year 3	
	-	-	-	-	-	Type 10
	-	1.0	2.0	3.0	4.0	24 Passenger
	-	1.0	2.0	3.0	4.0	Large Vans w/ Lifts- Type A
	9.3	10.3	11.3	12.3	13.3	Conventional
	-	-	-	-	-	EV's
	4.2	5.2	6.2	7.2	8.2	Large Conventional
	-	-	-	-	-	Small Conventionals w/ Lifts
	5.4	6.4	7.4	8.4	9.4	All Vehicles
New Vehicles	4	0	0	0	0	

COMPREHENSIVE TECHNOLOGY SUITE

As part of our proposal, Neah-Kah-Nie School District will be receiving every technology offering First Student has available to enhance communication, transparency, safety, and customer service. School bus technology continues to evolve in many exciting ways, and our technology supports a diverse population of parents/guardians to ensure information is conveniently available.

First Student has been at the forefront, developing proprietary technologies with our customers at the core of design. Many of our systems and tools are highly customized and are therefore designed to use school district data to enhance communication flow and accurate reporting.

Our state-of-the-art technology facilitates a higher level of safety, encourages open and transparent operations, and contributes to operational excellence. First Student has developed and implemented many programs beyond our competitors. We leverage our technology to assist our team's ability to stay focused on continuous improvement.

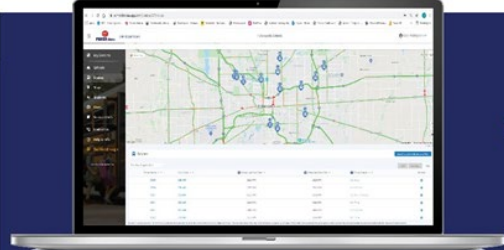
These programs include our proprietary FirstView® application, which is ADA compliant and available in 10 different languages. FirstView® provides visibility of bus arrival time to parents and essential visibility to the District, as well as the ability to communicate or send notifications to parents.

FIRSTVIEW® BUS TRACKING AND PARENT COMMUNICATION

A smooth start and finish to the school day depends on how well teachers, principals, parents, and transportation staff are informed of bus location. Therefore, quick access to accurate bus location is critical. FirstView® Bus Tracking provides enhanced communication and visibility into your transportation system. The suite consists of FirstView® DistrictView and the FirstView® ParentView.

DISTRICTVIEW DASHBOARD

The DistrictView dashboard allows you to view when buses arrive at schools as well as communicate with parent app users. It can be incorporated as a stand-alone product and easily accessed via desktop to view your entire transportation system.



STREAMLINES PARENT ALERTS

Message ParentView users across the district, a school or route. ParentView users will receive an alert on their app.

SECURES DISTRICT DATA

FirstView® integrates with district data security protocols and features password protection and user management.

CENTRALIZES DATA

Centralizes all routes to easily determine each route's status and allows you to quickly review route details.

REDUCES INCOMING CALLS

Reduce the number of "where's the bus" calls by encouraging parents to download the ParentView app.

INCLUDES BUILT-IN CUSTOMER SUPPORT

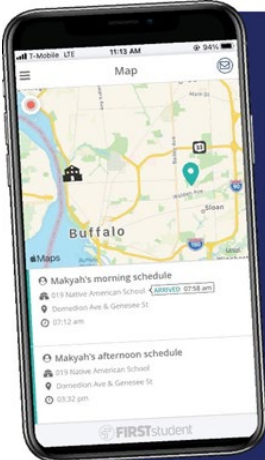
Have a question? The dedicated FirstView® support team is available Monday through Friday via phone or email.

LEVERAGES GPS TECHNOLOGY

GPS technology, coupled with the depot's dispatching system, allows dashboard users to see the assigned vehicle's bus location for each route.

PARENTVIEW APP

The ParentView app gives parents direct access to the status of their child's bus. Whether deciding the best time to meet at the stop, or seeking detailed delay notifications, ParentView gives parents and students the information they need to plan their day and stay connected. All app features and capabilities were designed to meet the specific communication needs of school community members.



INSTANT NOTIFICATIONS FROM YOUR DISTRICT

From delays to important schedule changes. Stay in the know!

KNOW WHERE THE BUS IS

Check near real-time progress with GPS tracking

PARENT SUPPORT

Dedicated First Student support at your fingertips

MULTIPLE KIDS - ONE APP

Track multiple students at one time

DISTANCE NOTIFICATIONS

Get in-app alerts when the bus is getting close

ADDITIONAL SUPPORT PROGRAMS

FIRSTACTS® (ACTIVE CONDUCT TRACKING SYSTEM)

While administration and transportation personnel put forth their best efforts to prevent incidents on the bus, they may occur. FirstACTS® is a web-based system your school administrators and transportation departments can use for reporting, tracking, and managing student conduct on the school bus.

It's the only system with the functionality to connect the school community — the driver, school administration and parents — as they identify and work together to resolve issues quickly and fairly. FirstACTS® can be configured to be used only by First Student (i.e. not involved the schools) depending on the district's interest and engagement.

BENEFITS OF FIRSTACTS®

Connect

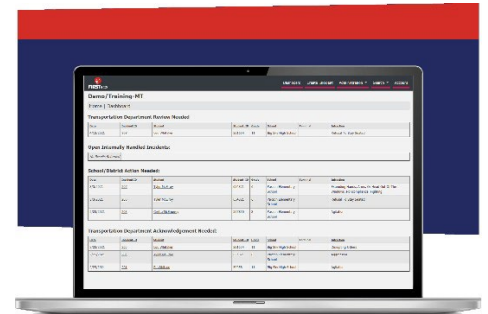
- Easily identify and communicate issues to the right people by eliminating tedious tasks.
- Preloaded student and driver information makes it easy to report student behavior incidents.
- Streamlined reporting builds confidence that issues will be quickly resolved.

Customize

- A flexible tool configured to meet the specific needs of your school district.
- Student incident histories can be easily searched to quickly identify trends for prompt action.
- Option to upload into your Student Information System.

Control

- Maintain safe, secure, workflow access to critical information and updates.
- Allows administrators and teachers to focus on their primary objective – education.
- Limited accessibility to notifications and reports to ensure privacy.
- Proactive reminders help expedite resolution times.



FirstACTS® System



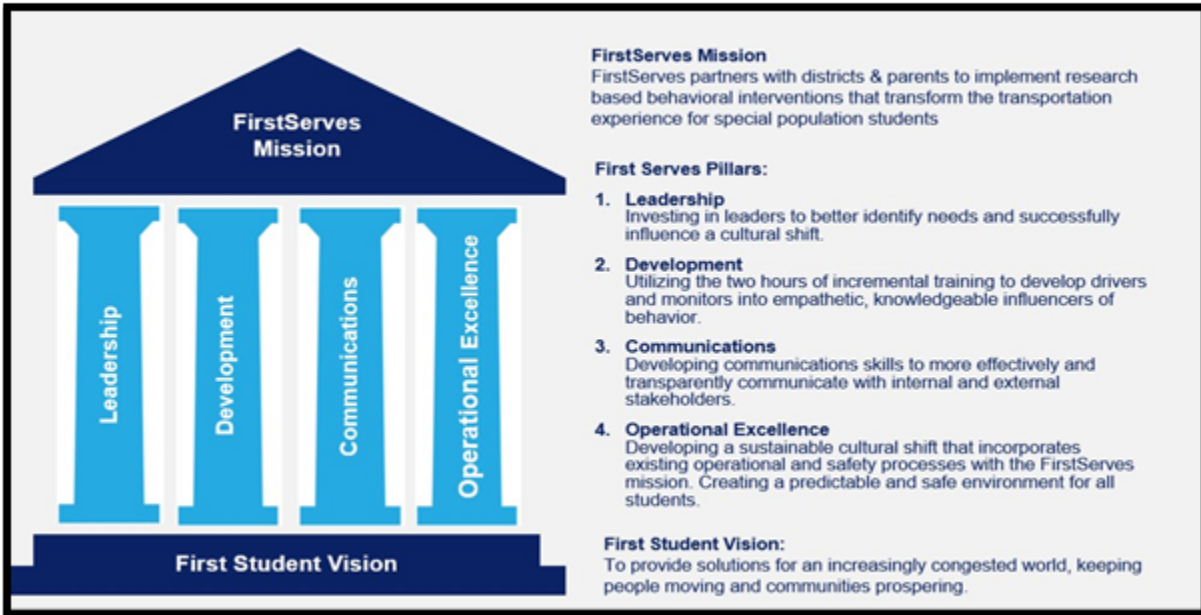
System can be configured to be used only by FS (i.e. not involve schools), depending on school's interest and engagement

First Serves

FirstServes is a transformational, special education leadership development program. Developed in conjunction with Cincinnati Children's Hospital, the #3 children's hospital in the United States, FirstServes equips drivers, Attendants, school districts and families with tools to better serve children with disabilities. If you're interested in this program, please let us know so we can discuss availability.

FirstServes is a:

- **Communications Platform** that brings together the three groups critical to student transportation: families, districts and drivers/monitors
- **Training Program** for First Student leadership and thereby location staff to identify, understand and manage student behavior.
- **Cultural Change Agent** because it goes beyond just educating drivers and educates entire locations and participating districts.



FIRST STUDENT IS STILL THE RIGHT CHOICE FOR NEAH-KAH-NIE SCHOOL DISTRICT

As students navigate their way from childhood into adulthood, they depend on us to keep them safe. Families throughout the Neah-Kah-Nie community count on Neah-Kah-Nie SD to educate, nourish and protect their children. No matter how old they are, it's not easy to hand your child over to someone else's care. Neah-Kah-Nie SD is dedicated to ensuring that families can feel confident that their students are in good hands. For over 100 years, First Student has refined our operation and developed a proven method of student safety operations and industry-leading solutions. By providing exceptional student transportation services and positively impacting your students' and families' experiences, we enable Neah-Kah-Nie SD to focus on your core mission – in partnership with parents and the community, to educate all students to achieve their full potential as knowledgeable, self-assured citizens ready for college and/or careers.

I look forward to further discussing our proposal and how our capabilities can continue strengthening your transportation program. Should you have any questions, please do not hesitate to contact me.

Regards,



Justin Cox
District Manager, Northern Oregon
Justin.cox@firstgroup.com

EXHIBIT A

NEAH-KAH-NIE SCHOOL DISTRICT Transportation Rates - 5 Year Contract Pricing							
January 1, 2023 - June 30, 2028	Current	Updated	8.6%	4.0%	4.0%	4.0%	4.0%
Providing Service for 10 Total Routes:	22/23	1/1/23-8/30/23	23/24	24/26	26/28	28/27	27/28
HOME TO SCHOOL TRANSPORTATION							
Bus Per Three Hours	442.03	497.29	544.53	566.31	588.96	612.52	637.02
Excess Hourly Rate (In Excess of 3 Hour)	40.04	40.04	43.84	45.59	47.41	49.31	51.28
FIELD TRIPS, SHUTTLES SERVICES, AND OTHER							
Hourly Rate - Buses	53.20	53.20	58.25	60.58	63.00	65.52	68.14
WEEKEND AND HOLIDAY SERVICE							
Hourly Rate - Buses	66.76	66.76	73.10	76.02	79.06	82.22	85.51
OVERNIGHT CHARGE							
Overnight Charges	119.22	119.22	129.45	134.63	140.02	145.62	151.44
OTHER COST RATES							
Maintenance of District Vehicles	54.95	54.95	60.17	62.58	65.08	67.68	70.39
Training District Personnel	35.93	35.93	39.34	40.91	42.55	44.25	46.02
SPECIAL EDUCATION ROUTE BUSES							
First three hours (First Bus)	349.36	393.03	430.37	447.58	465.48	484.10	503.46
First three hours (Additional Buses)	349.36	393.03	430.37	447.58	465.48	484.10	503.46
Excess Hourly Rate (In Excess of 3 Hour)	40.04	40.04	43.84	45.59	47.41	49.31	51.28
Minimum Operating Days & Routes							
Days Less than 172	4150.07	4150.07	4,544.33	4,726.10	4,915.14	5,111.75	5,316.22
Fuel Base							
Per Gallon	2.75	2.75	3.01	3.13	3.26	3.39	3.53

Caring for Students: That's our Frist Priority.

First Student's industry-leading innovative practices ensure the well-being of our student passengers. Every day we deliver on our commitment to uplift, encourage and empower the students we serve – one ride at a time

